



Sandy & Al Abrams

July 17, 2006

Dear Sir or Madam:

I am writing to express strong opposition to the proposed Business Opportunity Rule R511993. We understand and endorse the concept that the Federal Trade Commission must protect the public from "unfair and deceptive acts or practices." But, the rule as proposed would make it very difficult, and place unfair burdens on us in operating our business as a Shaklee Independent Distributor.

We have been in this business for over 35 years. We have never had any legal action against us. We pride ourselves in being honest and representing products that are supported by scientific evidence and that are made using pharmaceutical grade manufacturing processes.

The Business Opportunity Rule seems to imply that if new distributors fail it is because the company or sales leader who sponsored them has in some way misrepresented the opportunity. It further implies that if, for example, 60% of the people in some area had quit because they did not earn as much as **they expected**, the prospect now has a clear picture of her/his risk. The fact is that in Network Marketing, most people only use the products and **do not** become high income sales leaders. **BUT MANY DO**. It is a matter of choice commitment and desire. Many people thrive on being their own boss, working from the home and meeting the challenges of honest Network Marketing. I have only a high school education, however, neither education nor level of wealth at the start have been significant factors in my success.

In response to the problem of unrealistic expectations based on lack of knowledge of Network Marketing, we make sure, even if they say that they only want to use the products, that they see how the whole process works either before or right after they sponsor and we also have a detailed Plan of Action that we use in training our builders. We describe the process for building and acquaint the new person with the real world hurdles and challenges. We emphasize that more prospects will say NO than YES, and we emphasize that a number of Beliefs (e.g. self and value of our products) accompanied by persistence and consistency are essential to success. If during the training someone does not exhibit the belief, consistency or persistence, we either try to help them develop these qualities or we honestly suggest ways in which they can derive the benefits of the products and even earn enough to pay for their own products by just sharing with a few friends.

Being an independent distributor in Network Marketing requires a high level of acceptance of personal responsibility. We pray that the FTC does not impose a rule in which the company or distributors are forced to comply with procedures that remove **legitimate** responsibility from the person who signs the dotted line. We do not just sponsor people willy nilly, but we are careful to disclose all of the pitfalls and difficulties because we don't want to waste our time working with someone only to find that they didn't realize that they would have to work if they want to get paid!

Another confusing and burdensome section of the proposed rule is the seven-day waiting period to enroll new distributors. Most of the people who sign a Shaklee application are consumers of the products and not in it for the business. If they later wish to build a business, they simply supply

Shaklee Corporation with their Social Security Number or Tax Identification Number. No additional kit, fee or application is required. The Shaklee Member Kit costs only \$19.95. This is far less than most consumer purchases, from TVs to all manner of household appliances, *none of which require a waiting period*. The waiting period is also unnecessary in that Shaklee Corporation already has a 90% buyback policy for products, including the Member Kit, purchased by a distributor within the last two years.

The proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. In this day of identity theft, I am uncomfortable giving out the personal information of other Shaklee distributors, without their knowledge or consent. I understand that those who sign up after the rule takes effect would be told in writing "If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers." This would dissuade new people from signing up as distributors as they are concerned not only about identity theft, but also about their privacy. Providing the 10 references also could damage the businesses of Shaklee distributors. Lower ranking distributors often are involved in more than one direct selling company. Providing a list to a potential recruit, who may already be a distributor for a competing direct selling company, may be an invitation to solicit existing distributors for some other opportunity and that could harm our business.

The 10 reference requirement is a huge administrative burden. To obtain the list of 10 prior purchasers, I 'd have to provide Shaklee Corporation with the prospective distributor's address, and wait to receive the list of the 10 nearest distributors who became distributors within the past three years. Each prospective recruit will need a customized disclosure statement. This will result in a delay far longer than seven calendar days before anyone can sign an application. Many people enter direct selling to earn extra income for a specific goal, such as holiday purchases or a family vacation. The wait which the proposed rule creates may make the goal unattainable. This also imposes high administration costs that would have to be passed on to the field.

The proposed rule calls for the release of any information regarding lawsuits that **allege** misrepresentation or unfair or deceptive practices over a 10-year period. We have never been sued in our business. Since all distributorships are independent businesses, it does not make sense to me that if there were an unethical distributor in Washington D.C., that this should impact my business. Further, if Shaklee's corporation's track record is of concern, it is unfair that my prospect will not be told that the company was found innocent or not liable. It does not make sense to us that Shaklee would have to disclose these lawsuits unless Shaklee Corporation, or its officers, directors or sales department employees, had been found guilty or liable. Fifty-year old companies such as Shaklee would be at a disadvantage compared to start-up companies, which may not yet have experienced litigation but are far more likely to have legal issues surrounding their opportunities. We know that many people have lost money in new start up network marketing companies that went bankrupt and left their distributors in the cold. These companies with only a five year history or less, may have no lawsuits even though the founders took their cash out of the business, leaving their sales force hanging in the breeze with no recourse.

Originally, we joined Shaklee because we were concerned about the environment and Shaklee offered nonpolluting cleaning products. Later we expanded our interest and activity because with five children, we wished to earn additional income in a way that would allow me to work from the home. Now we are in our 70s and we appreciate the life style that comes with independence from a fixed income. We also contribute more to the economy and we pay considerably more taxes than our friends who are struggling on a fixed income.

We are frightened by the possibility of the FTC imposing rules that will hurt our honest business and potentially force us and others like us to live only on a fixed income.

Thank you for considering my comments.

Sincerely,

Sandra B. Abrams